

Message Text

UNCLASSIFIED

PAGE 01 STATE 122635

73

ORIGIN TRSE-00

INFO OCT-01 EA-11 ADP-00 EB-11 L-03 COME-00 CIAE-00 INR-10

NSAE-00 RSC-01 /037 R

66632

DRAFTED BY TRSY / OS: MDFIELD

APPROVED BY EB/ IFD/ OMA: MR KRIZAY

TRSY : OS/ NNGORDON

EA/ IMS: MR GILL INFO

----- 029490

R 222113 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR

UNCLAS STATE 122635

EO 11652: NA

TAGS: EFIN

SUBJ: INCOME TAX TREATY

RE RABAT A-67

TREASURY PREPARED MEET WITH GOM DEL TO FURTHER DISCUSS TAX TREATY IN AUG AS SUGGESTED BY EMB. NATHAN GORDON NOW PLANNING VISIT INDONESIA EARLY AUG TO DISCUSS REMAINING OPEN POINTS AND COULD STOP ON MALAYSIA AFTER THAT. WILL INFORM OF FINAL PLANS ASAP.

MEANWHILE, EMB REQUESTED TO INQUIRE IF THIS TIMING AGREEABLE TO GOM AND TO CLARIFY WITH GOM THE FOLLOWING POINTS REGARDING TAX- SPARING ISSUE. TAX SPARING REMAINS OUT OF THE QUESTION FOR US. IN FACT, ADMINISTRATION PROPOSALS NOW BEFORE CONGRESS WOULD MOVE IN OPPOSITE DIRECTION BY SUBJECTING TO US TAX THE TOTAL PROFITS OF A CONTROLLED FOREIGN CORPORATION WHICH ENJOYS A TAX HOLIDAY FROM FOREIGN TAX; I. E. IN SUCH CASES US CORPORATE TAX OF 48 PERCENT WOULD APPLY TO THE TOTAL PROFITS OF SUCH SUBSIDIARIES AND NOT, AS NOW, ONLY TO THE PORTION REMITTED AS DIVIDENDS TO THE US PARENT. HOWEVER, THE PROPOSAL CONTEMPLATES EXCEPTIONS BY TREATY. THEREFORE, IT MAY BE MORE IN GOM INTEREST THAN BEFORE TO ENTER TREATY, WITH VIEW TO PRESERVING PRESENT

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 122635

US SYSTEM IF PROPOSALS ENACTED. WE UNDERSTAND GOM EMB HAS SO
ADVISED ITS GOVERNMENT. RUSH

UNCLASSIFIED

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE122635
Document Source: CORE
Document Unique ID: 00
Drafter: MDFIELD
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730625/aaaajina.tel
Line Count: 68
Locator: TEXT ON-LINE
Office: ORIGIN TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 RABAT A-67
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Oct-2001 by phillir0>; APPROVED <05-Feb-2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980218
Subject: INCOME TAX TREATY
TAGS: EFIN
To: KUALA LUMPUR
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005